

Findings

Retirement

- For Groups 1 and 2, the Early Retirement Incentives (ERIs) adopted in 2002 and 2003 no longer seem to have any impact on retirements. The ERIs skewed the results of our prior experience study analysis as many members who would have normally retired in 2004 or later took advantage of the ERI.
- For Group 1, there is a significant proportion of the workers over age 70 that continue working instead of retiring. However, since this cohort is such a small percentage of the population, we will continue to use an assumption of 100% retirement at age 70.
- For Group 1 males, total expected retirements were about the same as actual retirements for ages 50 to 69. However, actual retirements exceeded the expected amount at most ages from age 50 to 61. After age 61, the actual figure was generally less than the expected figure.
- For Group 1 females, actual retirements were significantly less than expected for most ages from age 56 to age 69 and more comparable at other ages.
- For Group 2, overall expected retirements were close to the actual figures. Actual retirements were generally lower than expected for ages 51 to 57. From age 58 to 69, actual exceeded expected in some years while expected retirements were greater in other years.
- For Group 3, the actual experience was generally consistent with the prior assumptions at most ages. From ages 55 to 60, actual retirements were generally greater than expected.
- For Group 4, total retirements were about as expected. Actual retirements were generally greater than expected from ages 45 to 50. The actual figures were less than expected for most ages between 52 and 62.

Disability

- There is often a lag between the date of injury of a member and the date of retirement. Our software cannot recognize this lag so we monitor this issue and make adjustments as necessary.
- Actual number of disability retirements somewhat less than expected for Group 1.
- Actual number of disability retirements about as expected for Groups 2, 3, and 4.
- Although the overall assumptions (in total) were reasonable for each job group, individual age rates required adjustment.

Findings (continued)

Withdrawal

- Measuring withdrawal (termination) rates continues to be a challenge. Therefore, our rates for this assumption tend to be more conservative than retirement and disability.
- For Group 1, actual terminations were greater than expected. Most of the difference was in 2006 and 2007. By years of service, members with up to 7 years of service had actual terminations greater than expected. For members with over 7 years of service, actual terminations were less than expected.
- For Group 2, we found the results were similar to Group 1. We will continue to use the same assumptions for both job groups.
- For Group 3, actual terminations were about as expected.
- For Group 4, actual terminations were somewhat greater than expected.

Salary Increases

- Like withdrawal rates, accurately measuring salary increases continues to be a challenge due to part-time employees, leaves of absence, and union contract settlements. Therefore, our assumptions tend to be more conservative than retirement and disability rates.
- For Groups 1, 2, and 4, salary increases for continuing members were less than assumed over the 6-year period and in almost every individual year. Results as of January 1, 2012 (and January 1, 2013 although not part of this study) were somewhat higher than the prior 3 years and reflects union contract settlements.
- For Group 3, salary increases for continuing members increased more than expected over the 6-year period. However this result reflects a significant increase in 2006 which we suspect is a data issue. The results varied significantly by year.
- Results based on service continue to show a more consistent pattern than age based results. We feel basing the assumption on service is more indicative of expected experience.

Findings (continued)

Post-Retirement Mortality

- Overall, mortality (deaths) was about as expected.
- Male mortality was slightly greater than expected.
- Female mortality was about as expected.
- Disabled mortality was greater than expected for both males and females. The number of exposed lives for females was significantly less than that for males.
- For males, mortality does not appear to vary significantly by job group. For females, this appears to be the case for Groups 1 and 2. There is not enough data for Groups 3 and 4 to make a determination.
- Although, overall, deaths were about as expected, we revised the mortality assumption as part of our January 1, 2012 actuarial valuation to reflect mortality improvement beyond 2012. This assumption will continue to be monitored each year as we perform the actuarial valuation and we expect to adjust this assumption frequently, perhaps annually, moving forward.